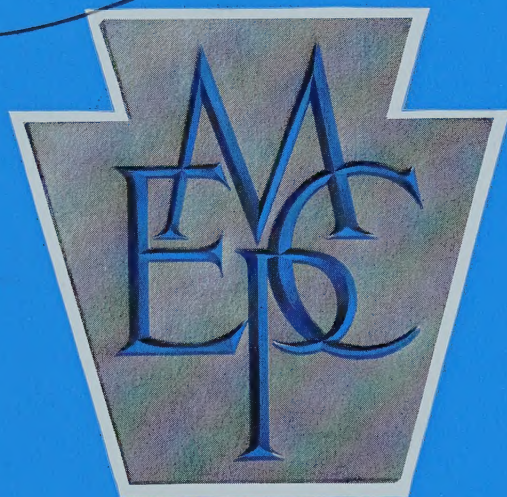


AR52

Metropolitan Estate  
and Property Corporation Limited



Annual Report and Accounts  
1965

1965

**Chairman's Statement**

**Directors' Report and Accounts**

**for the Year ended**

**30th September, 1965**

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# METROPOLITAN ESTATE AND PROPERTY CORPORATION LIMITED

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## Board of Directors

C. E. M. HARDIE, C.B.E., F.C.A., *Chairman*

J. SCRIMGEOUR, C.M.G., O.B.E. }  
A. KENNEDY KISCH, M.A. } *Deputy Chairmen*

R. H. SHEPPARD, F.A.I., *Managing Director*

SIR NUTCOMBE HUME, K.B.E., M.C.

R. J. DICKINSON

W. E. PHILP, F.R.I.C.S., F.A.I.

J. C. HAWKES, F.R.I.C.S.

## Secretary and Registered Office

BERNARD DUFTON, F.C.A.

Brook House, 113 Park Lane, London, W.1.

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## Auditors

THOMSON MCLINTOCK & CO.

Chartered Accountants, 33 King William Street, London, E.C.4.

## Registrars and Transfer Office

MARTINS BANK LIMITED

Clements House, Gresham Street, London, E.C.2.

## Bankers

BARCLAYS BANK LIMITED

LLOYDS BANK LIMITED

MARTINS BANK LIMITED

NATIONAL PROVINCIAL BANK LIMITED

## Notice of Meeting

Notice is hereby given that the ANNUAL GENERAL MEETING of the Company will be held at Brook House, 113 Park Lane, London, W.1, on Tuesday, 21st December, 1965, at 12 noon for the following purposes:

- 1 To receive and adopt the Balance Sheet and Statement of Accounts as at 30th September, 1965, and the Report of the Directors thereon.
- 2 To declare a Final Dividend on the Ordinary Share Capital.
- 3 To elect Directors.
- 4 To authorise the Directors to fix the remuneration of the Auditors.
- 5 As special business to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That this Meeting hereby approves the issue by the Company of up to £12,000,000 6 $\frac{3}{8}$  per cent First Mortgage Debenture Stock 1997/2000 pursuant to an Agreement dated 30th September 1965 made between the Company and The Prudential Assurance Company Limited and upon terms which include the right for the holders of such Stock to convert up to 10 per cent of the Stock in issue into Ordinary Shares of the Company”.

Sir Nutcombe Hume, K.B.E., M.C., who is 72 years of age, retires from the Board by rotation. Special notice has been received in accordance with Section 185 of the Companies Act, 1948, that a Resolution will be proposed for his re-election as a Director of the Company.

*A Member of the Company who is entitled to attend and vote may appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a Member of the Company.*

*By Order of the Board,*

BERNARD DUFTON,  
*Secretary.*

London W.1  
27th November, 1965.

*(Preference and Debenture Stockholders are not entitled to attend or vote, either in person or by proxy, at the above-mentioned meeting, and these Accounts are sent to them for information only.)*





## *Statement of the Chairman* MR. C. E. M. HARDIE

IT WILL be seen, as forecast, that the net revenue before taxation for the year has increased from £2,719,653 to £3,050,358 and that after meeting taxation it has been possible to increase the dividend on the Ordinary share capital from 10½ per cent. to 11½ per cent. while, at the same time, increasing the sum added to carry forward by £86,044. (1964 £64,964).

As referred to in my interim statement of the 24th June 1965, the basis of taxation for the year to 30th September 1965 has remained the same, namely income tax at the standard rate applicable, profits tax at 15 per cent., and dividends being subject to deduction of tax at the standard rate at the time of payment. The same basis of taxation will apply for the next six months to 31st March 1966, but thereafter taxation will be higher as profits will be subject to corporation tax (at a rate not yet announced) and the tax deducted from dividends will be accountable to the Revenue. As regards the latter, there should, however, be some relief in respect of dividends paid from the profits to the 31st March 1966, under the special provisions of the Finance Act 1965.

I am glad to say that forecasts which have been made of income and outgoings for the next two transitional years indicate that, despite the impact of taxation, the distributions are likely to be maintained.

During the last financial year the policy of further investment has been pursued, the total Group purchases amounting to no less than £6,970,000. The pattern of investment has remained the same, although there has been some increase in purchases of industrial properties. The holding of residential properties remains low, at about 5 per cent. of the whole. Also, during the year, a review has been carried out of some of the low-yielding long-maturing investments of the company, and of the investments in ground rents, and certain properties

have accordingly been sold (at a net capital surplus of £873,456) with a view to a reinvestment on a higher yielding basis. This accounts for the strong liquid position, which has been further assisted by the first tranche of the 6¾ per cent. Debenture Stock arranged during the year with the Prudential Assurance Company Ltd. These resources are already earmarked for further investment, and for the completion of various development projects of the Group. In connection with this new Debenture Stock shareholders are asked to pass the Ordinary Resolution included in the Agenda relating to its terms of issue.

Shareholders will know, from the supporting schedules to the Accounts, that our Canadian subsidiary has, once again, shown growth. Likewise, in Ireland where the development of the main property is expected to be completed in 1966, further investment has been made as part of the planned growth of that company.

Fortunately, the Group was largely untouched by office building controls imposed during 1965. We are now faced with the proposal to establish the Land Commission, one of whose duties will be to collect a Betterment Levy on the development value of land realised on sale. It will certainly be a further complication for property companies to have to deal with such a body, in addition to the planning authorities and the Inland Revenue, and it is to be hoped that this additional body can be linked in some way with existing authorities.

I have purposely been short in my remarks relating to the past year's activities, since the matter which has been of equal preoccupation has been the impact of the Finance Act 1965 on property companies in general, and your own company in particular. I referred to this matter, briefly, in my interim report, when I said that, in the new circumstances, proposals in relation to



the company's capital structure were being given careful consideration.

It will be apparent to you that the present relationship of the Company's borrowings to share capital is low and that substantial further borrowing capacity exists. The arrangements with the Prudential Assurance Company Ltd. have largely created the necessary facility to remedy this gap, on more favourable terms than could now be negotiated. Even so, the fact remains that property revenue will, in future, suffer primarily corporation tax up to 40 per cent., and the net amount left will be subject to income tax at the standard rate, accountable to the Revenue. In fact, this new disability is only one of degree since previously under profits tax which had to be paid out of profits after income tax, the relative impost amounted to over 25 per cent. gross. Therefore, corporation tax even as low as 35 per cent. involves up to 10 per cent. of an additional charge upon income. Admittedly this margin can be reduced by lower distributions but in the case of property companies who by their investment nature virtually distribute their income in full, this is not a practical solution in the interests of shareholders. The only real way of covering the gap is by further growth and I have referred in earlier reports to our own prospects from reversions and the net yield on further investment. It is hard that this growth has to go in the next year or two in filling the taxation gap.

The consideration we have given to the reorganisation of the capital structure, and upon which we have taken the most able professional advice available, indicates that it would be possible, by imposing on top of the existing company a holding company incorporating a measure of loan capital to make a notional saving of corporation tax. Your board have decided not to accept this method since any arrangement designed merely to adjust the incidence of taxation is liable to be subsequently upset by legislation and, in the long term, borrowing powers may be affected.

It has also been clear that some beneficial reorganisation of capital structure could be effected incidentally to a merger with another concern from which other main benefits might result. The chief object of such a step must, at all times, remain that of the commercial advantage of any merger, and I can only say at this stage that certain ideas are being formulated.

The next aspect of reorganisation which has concerned your board has been a possible reduction of capital by disposing of assets and returning the proceeds to shareholders in a cash form. Such a transaction has certain taxation disadvantages in relation to capital gains tax, and in relation to future capitalisation issues, and is liable to cause an imbalance in the future borrowing potential of the Group. At the same time, it might positively reduce the intrinsic value of the shares. No such move is, therefore, contemplated at the present time.

Another solution to property companies' taxation problems might be by way of gradual realisation of properties and ultimate liquidation. This has been extremely carefully examined both in relation to the size and nature of your company's portfolio, its staff commitment and, more particularly, the eventual cash outcome in terms of share value to shareholders which would be marginally beneficial. In practice, other but smaller, property companies have run into difficulties in attempting such a course, and the main problem of continuing property companies as a class, in the context of current taxation, remains the main issue. It is your board's united opinion that, despite these present disabilities, property companies still have a large part to play in the Country's economy and that the additional taxation imposts need to be covered by active improvement in income, and by future raising of capital geared to the new taxation system.

As I have indicated above the growth prospect of your company remains sound. I do not rule out a merger with another company which would be a really suitable affiliate, and I am pursuing this course actively. I can, however, say that no such step will be taken merely on account of temporary expediency.

Your company has an exceptionally fine portfolio of investments built up by its management over a period of years and, with myself, shareholders will be grateful to the staff for the asset which has been created and its professional management.

We look forward to continuing efforts in investment in 1966 and, in particular, to a full utilisation of the inherent value of our existing properties for purposes of capital growth and income improvement.





# METROPOLITAN ESTATE AND INVESTMENT COMPANY

## Balance Sheet of the Company and Consolidated Balance Sheet of the Group

	M.E.P.C. LTD.		GROUP	
	1965	1964	1965	1964
	£	£	£	£
<b>Authorised Share Capital</b>				
Ordinary Capital (in shares of 5/- each)	17,500,000	17,500,000		
4½% Cumulative Preference Capital (in shares of £1 each)	2,500,000	2,500,000		
	<u>£20,000,000</u>	<u>£20,000,000</u>		
<b>Issued Share Capital and Reserves</b>				
Ordinary Capital (fully paid)	15,319,478	15,319,478	15,319,478	15,319,478
<b>Capital Reserves</b>				
General—Note 13	2,771,945	2,693,487	6,564,579	5,752,535
Share Premiums	7,439,376	7,439,376	7,439,376	7,439,376
	<u>10,211,321</u>	<u>10,132,863</u>	<u>14,003,955</u>	<u>13,191,911</u>
<b>Revenue Reserves</b>				
Dealing Profits	77,758	59,972	77,758	59,972
Unappropriated Profit	357,286	312,248	693,641	608,201
	<u>435,044</u>	<u>372,220</u>	<u>771,399</u>	<u>668,173</u>
Ordinary Capital and Reserves	25,965,843	25,824,561	30,094,832	29,179,562
Preference Capital (fully paid)	2,167,631	2,167,631	2,167,631	2,167,631
	<u>28,133,474</u>	<u>27,992,192</u>	<u>32,262,463</u>	<u>31,347,193</u>
<b>Future Taxation</b>				
Taxation Equalisation Account (Overseas)	—	—	327,700	247,280
<b>Outside Interests in Subsidiary Companies</b>	—	—	1,210,929	1,137,662
<b>Loan Capital</b>				
4% First Mortgage Debenture Stock	3,076,334	3,132,249	3,076,334	3,132,249
5¼% First Mortgage Debenture Stock 1984/89	5,000,000	5,000,000	5,000,000	5,000,000
6¾% First Mortgage Debenture Stock 1997/2000—Note 9	1,000,000	—	1,000,000	—
Other Mortgages	935,000	—	5,972,011	3,985,660
Debenture Stocks and Bonds of Subsidiaries—Note 8	—	—	9,756,127	9,004,495
	<u>10,011,334</u>	<u>8,132,249</u>	<u>24,804,472</u>	<u>21,122,404</u>
<b>Subsidiary Companies</b>				
Advances (without security)	7,391,282	2,477,539	—	—
<b>Provision for Repairs, Renewals of Fixed Plant and Dilapidations</b>	288,244	278,437	372,196	341,563
<b>Current Liabilities</b>				
Loans from Bankers	—	—	672,732	715,242
Unsecured Loan	—	—	—	100,000
Creditors and Accrued Charges	642,829	542,301	1,734,709	1,584,702
Current Taxation	744,513	589,250	1,603,992	1,398,220
Proposed Final Ordinary Dividend, less Income Tax	675,015	609,907	675,015	609,907
	<u>2,062,357</u>	<u>1,741,458</u>	<u>4,686,448</u>	<u>4,408,071</u>
	<u>£47,886,691</u>	<u>£40,621,875</u>	<u>£63,664,208</u>	<u>£58,604,173</u>

The Notes appearing on page 11



# PROPERTY CORPORATION LIMITED

Company and Subsidiary Companies at 30th September, 1965

	M.E.P.C. LTD.		GROUP	
	1965	1964	1965	1964
	£	£	£	£
<b>Fixed Assets</b>				
Properties at valuation or at cost—Note 2:				
Freehold, <i>less</i> Depreciation Reserve				
[£106,912 (Group: £726,558)—Note 3]	14,179,637	12,405,772	42,779,880	39,518,337
Leasehold	8,611,129	6,172,741	14,825,318	15,281,395
<i>Less</i> : Provision for Amortisation	212,798	107,365	443,990	355,002
	8,398,331	6,065,376	14,381,328	14,926,393
	22,577,968	18,471,148	57,161,208	54,444,730
Investment—£265,721 nominal of the Corporation's				
4% First Mortgage Debenture Stock, at cost	217,157	242,671	217,157	242,671
(Market Value £158,100)				
Capital Redemption Policies at surrender values	220,726	2,784	313,892	297,704
Deposits with Building Societies as collateral	11,550	17,723	18,378	24,951
Funds for re-investment held by Debenture Trustees	963	4,440	963	4,440
Furniture and Fittings, Office Machinery, and Motor				
Cars at cost, <i>less</i> depreciation	42,999	39,231	58,580	51,683
[£35,821 (Group: £46,703)]				
	23,071,363	18,777,997	57,770,178	55,066,179
<b>Subsidiary Companies</b>				
Shares at cost, <i>less</i> amounts written off—(£20,094)	15,213,536	14,983,861		
Debentures at cost	—	142,600		
Advances and Dividends ( <i>less</i> Income Tax) Receivable	4,923,059	4,931,070		
	20,136,595	20,057,531	—	—
<b>Interests in Associated Companies</b>				
Shares at cost (unquoted)	4,095	4,093	22,765	57,038
Loans	832,543	305,368	1,066,824	531,143
	836,638	309,461	1,089,589	588,181
<b>Current Assets</b>				
Loans (secured)	377,856	49,385	611,077	888,224
Debtors for Rents and Sundry Balances, <i>less</i> Provision for				
Doubtful Debts	487,778	309,403	881,873	774,889
Tax Reserve Certificates	900,000	300,000	900,000	300,000
Bank and Cash Balances and short term Deposits	2,070,272	818,098	2,164,497	986,700
	3,835,906	1,476,886	4,557,447	2,949,813
<b>Outgoings in respect of Properties under development</b>	6,189	—	246,994	—
CHARLES E. M. HARDIE } Directors				
RICHARD H. SHEPPARD }				
	£47,886,691	£40,621,875	£63,664,208	£58,604,173

Integral part of the Accounts.

# METROPOLITAN ESTATE AND PROPERTY CORPORATION LIMITED

## Consolidated Revenue Account of the Company and Subsidiary Companies for the year ended 30th September, 1965

1964			1965
£	£		£
4,769,934		<b>Rents and Charges</b>	5,290,090
	292,128	<i>Less:</i>	
		Ground Rents on Leasehold Properties	291,600
	846,019	Property Expenses (Rates, Heating, Lighting, Porterage, Repairs and Maintenance, Insurance, Expenses of Management, etc.) and Company Administration Expenses	967,379
1,138,147			1,258,979
3,631,787			4,031,111
162,755		Sundry Investment and other Income	261,740
3,794,542			4,292,851
		<i>Deduct:</i>	
	8,152	Directors' Remuneration:	
	32,685	Fees	8,250
	2,903	Emoluments of Executive Directors	34,591
		Pensions	3,629
	43,740		46,470
	5,230	Auditors' Fees	6,277
	3,440	Debenture Trustees' Fees	3,487
	5,778	Registration Expenses	6,778
	8,525	Staff Pension Schemes	7,859
	9,262	Depreciation of Furniture and Fittings, Office Machinery and Motor Cars	9,279
75,975			80,150
3,718,567			4,212,701
		<i>Interest payable</i>	
	1,005,810	Debenture Stocks and Mortgages	1,247,179
	83,604	Bank Loans	80,664
	1,089,414		1,327,843
	90,500	<i>Less: Amount applicable to properties held for or in course of development</i>	165,500
998,914			1,162,343
2,719,653		<b>Net Revenue before charging Taxation and Amortisation</b>	3,050,358
		<i>Deduct:</i>	
	374,862	Taxation on profits for the year:	
	968,717	Profits Tax	396,047
		Income Tax	1,077,058
		Corporation Tax	16,376
	47,381	Transfer to Taxation Equalisation Account (Overseas)	80,837
	1,390,960		1,570,318
	24,160	<i>Less: Adjustment in respect of previous years</i>	16,338
1,366,800			1,553,980
1,352,853			1,496,378
89,815		Provision for Leasehold Amortisation	93,142
1,263,038		<b>Net Profit for the year</b>	1,403,236
		<i>Deduct:</i>	
	11,494	Dealing Profit, after Tax, transferred to Reserve	17,786
	95,578	Appropriated to Canadian Properties Reserve—Note 3	126,804
	47,988	Profit attributable to Outside Interests in Subsidiaries	79,053
	57,780	Dividends paid on Preference Capital for the year, less Income Tax	58,526
212,840			282,169
1,050,198			1,121,067
		Dividends on Ordinary Capital, less Income Tax:	
	375,327 (4%)	Interim of 4% paid on 24th June, 1965	360,008
	609,907 (6½%)	Final Dividend of 7½% proposed to be paid on 21st December, 1965	675,015
985,234			1,035,023
64,964			86,044
	566,247	Balance brought forward from previous year	608,201
	23,010	<i>Less: Adjustment due to issue of shares in Canadian Subsidiary to Outside Interests</i>	604
543,237			607,597
£608,201		<b>Balance carried to Consolidated Balance Sheet</b>	£693,641

*The notes appearing on page 11 form an integral part of the Accounts.*



## Notes on the Accounts

1. Reference to "Subsidiary Companies" in the context of the Accounts includes Sub-subsidiary Companies.

2. The gross values of the Properties in the Balance Sheets are as follows:

	M.E.P.C. Ltd. £	Group £
--	--------------------	------------

### UNITED KINGDOM

At Valuation by Messrs. Knight, Frank & Rutley, as at 30.9.60 . . . . .	14,998,318	19,181,915
At Valuation by Directors of Town Investments Limited, as at 30.9.59 . . . . .	—	8,978,301
At Cost . . . . .	7,899,360	19,373,650
	<u>22,897,678</u>	<u>47,533,866</u>

### OUTSIDE THE UNITED KINGDOM

At Cost . . . . .	—	10,797,890
	<u>£22,897,678</u>	<u>£58,331,756</u>

3. Income Tax allowances for Industrial Buildings, etc., are included in Reserve for Depreciation of Freehold Properties. The movements on this Reserve have been:

	M.E.P.C. Ltd. £	Group £
Balance brought forward from previous year . . . . .	99,472	549,583
Transfer from Capital Reserve . . . . .	—	50,000
Income Tax Allowances received during the year . . . . .	7,440	10,698
Appropriated out of Canadian profits . . . . .	—	126,804
Exchange adjustment . . . . .	—	—874
Accumulated depreciation on property sold . . . . .	—	—9,653
	<u>£106,912</u>	<u>£726,558</u>

4. The freehold and leasehold properties of Town Investments Limited were revalued in 1959 and the unrealised surplus thereon incorporated in the Group Balance Sheet amounts to £1,833,420. Corporation Tax will become payable on any realised part of this surplus.

5. Capital Commitments amount to:

M.E.P.C. Ltd. . . . .	£763,000
Group . . . . .	£2,533,000

6. In addition to commitments in (5) above M.E.P.C. Ltd. has undertaken to procure finance amounting to £1,384,000 for developments by Associated Companies, of which £675,500 has been provided out of the Company's own resources at 30th September, 1965.

7. The Holding Company has a Contingent Liability of £877,500 in respect of Uncalled Capital on an investment in a Subsidiary Company.

8. Debenture Stocks and Bonds of Subsidiary Companies are:

OUTSIDE THE UNITED KINGDOM		£
6½% First Mortgage Sinking Fund Bonds 1982 . . . . .		1,000,000
5½% First Mortgage Sinking Fund Bonds 1983 . . . . .		1,193,326
6½% First Mortgage Sinking Fund Bonds 1983 . . . . .		220,835
		<u>£2,414,161</u>

### UNITED KINGDOM

5% Debenture Stock 1960/65 . . . . .	205,966
3½% Debenture Stock 1965/78 . . . . .	120,000
5½% First Mortgage Debenture Stock 1985/90 . . . . .	2,500,000
6½% First Mortgage Debenture Stock 1985/90 . . . . .	500,000
6% First Mortgage Debenture Stock 1987 . . . . .	1,250,000
First Mortgage Debenture 1992 . . . . .	2,766,000
	<u>£9,756,127</u>

9. The Prudential Assurance Company Limited have undertaken to subscribe for £12 million of 6½% First Mortgage Debenture Stock over the period of five years ending July 1970 of which £1 million had been subscribed at 30th September, 1965. Stockholders will have the right to convert up to 10 per cent of the Stock issued into Ordinary Shares of M.E.P.C. Ltd. at 10/6d. per Share, the option to be exercisable in December in each of the years 1966 to 1970 inclusive.

10. The holders of the 6% First Mortgage Debenture Stock 1987 issued by a Subsidiary Company have the right to call for repayment of £300,000 of such Stock and to subscribe therewith for Ordinary Share Capital of M.E.P.C. Ltd. as follows:

1st January, 1966, 1967 and 1968 at 20s. per share.
1st January, 1969, 1970 and 1971 at 25s. per share.

11. Share purchase warrants entitling the holders to purchase 96,600 Common Shares in M.E.P.C. Canadian Properties Limited at \$3.50 per share up to 1st August, 1970 are outstanding. In addition, an executive of that subsidiary has an option to purchase 10,000 Common Shares at \$2.50 per share up to 1st October, 1968. The total interest of outside Shareholders in this subsidiary will be approximately 33% if the aforementioned rights and option are exercised in full compared with 31% at 30th September, 1965.

12. The Assets and Liabilities of the Canadian Subsidiary have been converted into Sterling at £1 = \$3.

13. The movements on Capital Reserve General are:

	M.E.P.C. Ltd. £	Group £
Balance brought forward from previous year . . . . .	2,693,487	5,752,535
Less: Capital issue expenses . . . . .	4,042	21,815
Transfer to Reserve for depreciation of Freehold Properties . . . . .	—	50,000
Exchange adjustment . . . . .	—	6,063
	<u>2,689,445</u>	<u>5,674,657</u>
Add: Surpluses on—		
Purchase of Debenture Stock for redemption . . . . .	16,466	16,466
Realisation of Investments and Sundry Credits . . . . .	66,034	873,456
	<u>£2,771,945</u>	<u>£6,564,579</u>

## Auditors' Report

We have audited the books and records of Metropolitan Estate and Property Corporation Limited for the year ended 30th September, 1965, and have obtained all the information we required. Proper books of account have been kept. The accounts of the company on pages 8 to 10 agree with the books, and together with the group accounts and notes on page 11 comply with the Companies Act, 1948. Certain of the subsidiaries have been audited by other firms of accountants.

In our opinion these accounts give a true and fair view of the state of affairs of the company, and of the state of affairs and profit of the company and its subsidiaries regarded as a single undertaking.

THOMSON McLINTOCK & CO.

Chartered Accountants

33 King William Street

London E.C.4

27th November, 1965.

# Comparative Information 1956–1965

## GROUP BALANCE SHEET

(£000's)

	Properties (Gross)	Loan Capital	Preference Capital	Ordinary Capital	Reserves
	£	£	£	£	£
1956	9,514	3,884	1,525	2,449	1,445
1957	12,819†	3,946	1,525	2,505	4,813
1958	16,675	6,824	1,525	2,683	6,015
1959	18,644	7,239	1,525	4,025*	5,263
1960	22,550	8,860	1,525	5,137	7,552
1961	31,800‡	6,779	1,525	7,939	15,365
1962	46,507	13,645	2,025	15,319**	13,805
1963	50,368	15,001	2,025	15,319	13,943
1964	55,349	21,122	2,168	15,319	13,860
1965	58,332	24,804	2,168	15,319	14,775

## GROUP REVENUE ACCOUNT

(£000's)

	Gross Revenue	Profit before Taxation	Taxation	Profit available for Ordinary Dividends and Reserves†	Ordinary Dividends paid net
	£	£	£	£	£
1956	1,212	529	329	160	141
1957	1,291	578	354	184	144
1958	1,606	728	413	276	195
1959	1,712	862	424	398	308
1960	2,157	1,168	586	540	425
1961	2,561	1,548	799	696	629
1962	4,151	2,380	1,271	1,036	891
1963	4,499	2,552	1,336	1,125	985
1964	4,932	2,630	1,367	1,157	985
1965	5,552	2,957	1,554	1,266	1,035

\*Bonus Issue of 1 for 2 required £1,341,000 Capital.

\*\*Bonus Issue of 1 for 2 required £3,969,377 Capital.

†Property Revaluation at 30-9-1955 adopted in Balance Sheet 30-9-1957 (Surplus £3,141,000).

‡Property Revaluation at 30-9-1960 adopted in Balance Sheet 30-9-1961 (Surplus £5,072,000).

†After deducting minority Interests and Preference Dividends.

## Analysis of Group Properties

The Properties owned by the Group according to the Consolidated Balance Sheet at 30th September, 1965 can be divided into the following main categories (at gross book values):

	Freehold £	Leasehold (over 50 years unexpired) £	Leasehold (less than 50 years unexpired) £	Total £	%
<b>UNITED KINGDOM</b>					
Offices . . . . .	9,357,415	6,086,489	1,762,733	17,206,637	29·5
Shops . . . . .	14,183,659	2,892,399	205,043	17,281,101	29·7
Commercial and Industrial . . . . .	8,272,355	1,562,180	218,367	10,052,902	17·2
Residential . . . . .	986,853	2,006,373	—	2,993,226	5·1
	<u>32,800,282</u>	<u>12,547,441</u>	<u>2,186,143</u>	<u>47,533,866</u>	<u>81·5</u>
<b>OUTSIDE THE UNITED KINGDOM</b>					
Offices . . . . .	4,900,000	49,467	—	4,949,467	8·5
Shops . . . . .	1,150,291	42,267	—	1,192,558	2·0
Commercial and Industrial . . . . .	4,655,865	—	—	4,655,865	8·0
	<u>£43,506,438</u>	<u>£12,639,175</u>	<u>£2,186,143</u>	<u>£58,331,756</u>	<u>100 %</u>
Percentage of Total . . . . .	74·6 %	21·7 %	3·7 %	100 %	





Yate Shopping Centre  
near Bristol



*The Four Seasons Fountain  
by Franta Belsky*



# M.E.P.C. CANADIAN PROPERTIES LIMITED

## AND SUBSIDIARY COMPANIES

### Summarised Balance Sheet—30th September, 1965

	£	\$	<i>Comparative 1964</i> \$
<b>Fixed Assets—at cost</b>	10,319,743	30,959,231	21,467,721
<i>Less: Accumulated depreciation</i>	469,618	1,408,856	1,053,760
	<u>9,850,125</u>	<u>29,550,375</u>	<u>20,413,961</u>
<b>Loans and Advances</b>			
Loan secured by Mortgage	—	—	2,000,000
Advance to Associated Company	145,031	435,092	404,500
	<u>145,031</u>	<u>435,092</u>	<u>2,404,500</u>
<b>Current Assets</b>			
Cash	39,945	119,835	351,112
Rent Receivable and Prepaid Expenses	42,682	128,048	191,327
	<u>82,627</u>	<u>247,883</u>	<u>542,439</u>
<b>Deferred Charges</b>	157,465	472,393	393,264
<b>Total Assets</b>	<u>£10,235,248</u>	<u>\$30,705,743</u>	<u>\$23,754,164</u>
<b>Current Liabilities</b>			
Bank Overdraft	66,667	200,000	350,000
Accounts payable, etc.	238,772	716,319	568,450
	<u>305,439</u>	<u>916,319</u>	<u>918,450</u>
<b>Deferred Income Taxes</b>	166,667	500,000	500,000
	<u>472,106</u>	<u>1,416,319</u>	<u>1,418,450</u>
<b>Loan Capital</b>			
Mortgages and Bonds	5,944,364	17,833,090	11,448,223
<b>Net Assets</b>	<u>£3,818,778</u>	<u>\$11,456,334</u>	<u>\$10,887,491</u>
<b>Shareholders' Equity</b>			
Represented by:			
Capital Issued [3,774,180 shares of no par value]			
(1964—3,759,186)	3,247,060	9,741,179	9,703,679
Surplus	571,718	1,715,155	1,183,812
	<u>£3,818,778</u>	<u>\$11,456,334</u>	<u>\$10,887,491</u>

The above has been summarised from the audited Consolidated Accounts  
of M.E.P.C. Canadian Properties Limited and its subsidiaries.



**M.E.P.C. CANADIAN PROPERTIES LIMITED**  
AND SUBSIDIARY COMPANIES

**Consolidated Statement of Profit and Loss for the year ended September 30, 1965**

	\$	Comparative 1964 \$
Rental Revenue . . . . .	2,489,125	1,938,284
Less:		
Property Expenses (heating, lighting, repairs and maintenance, insurance, municipal taxes, etc.) . . . . .	436,626	356,535
Net Rental Revenue . . . . .	2,052,499	1,581,749
Less:		
General and Administrative Expenses . . . . .	149,724	119,406
	1,902,775	1,462,343
Interest—General . . . . .	\$832,550	689,290
Payable on loan from Parent Company . . . . .	—	118,809
	832,550	808,099
Less:		
Sundry Income and Expenses . . . . .	30,453	44,090
	802,097	764,009
	1,100,678	698,334
Depreciation—buildings . . . . .	380,413	286,017
Net Operating Profit before taxes on income . . . . .	<u>\$720,265</u>	<u>\$412,317</u>

**Consolidated Statement of Surplus for the year ended September 30, 1965**

	\$	Comparative 1964 \$
Surplus, October 1, 1964 . . . . .	1,183,812	900,255
Add:		
Net operating profit before taxes on income . . . . .	720,265	412,317
	1,904,077	1,312,572
Taxes on income		
Taxes payable for the year . . . . .	—	—
	1,904,077	1,312,572
Less:		
Expenses of share issue . . . . .	\$913	25,000
Dividend paid—5 cents per share . . . . .	188,009	103,760
	188,922	128,760
Surplus, September 30, 1965 . . . . .	<u>\$1,715,155</u>	<u>\$1,183,812</u>





Factory for  
VG Garments Ltd  
Wythenshawe  
Manchester



Offices and  
printing works for  
Pergamon Press Ltd  
Bletchley



Shops and  
warehouse,  
Cricklewood  
London



*The activities of Metropolitan Estate and Property Corporation Limited and its subsidiary and associated companies are entirely related to property investment and development.*

*The Management of properties and administration of subsidiary companies in the United Kingdom is carried out by the parent company.*

## PRINCIPAL SUBSIDIARY AND ASSOCIATED COMPANIES

### UNITED KINGDOM

#### *Wholly owned Subsidiaries:*

AVONDOWN PROPERTIES LIMITED  
 THE BLETCHLEY PROPERTY COMPANY LIMITED  
 CUMBERLAND PROPERTY INVESTMENT TRUST LIMITED  
 ELOM PROPERTIES LIMITED  
 FINSBURY CIRCUS ESTATES LIMITED  
 FURLONG PROPERTIES LIMITED  
 HANTON HOLDINGS LIMITED  
 THE HOUSE AND LAND SYNDICATE LIMITED  
 THE JUNIOR PROPERTY AND INVESTMENT COMPANY, LIMITED  
 KINGSLEY INVESTMENT TRUST LIMITED  
 THE MANCHESTER COMMERCIAL BUILDINGS COMPANY LIMITED  
 M.E.P.C. (LIVERPOOL) LIMITED  
 PROPERTY DEVELOPMENT CONSORTIUM LIMITED  
 SURREY SHOP HOLDINGS LIMITED  
 TOWN INVESTMENTS LIMITED

#### *(Wholly owned subsidiaries:*

London Land & Property Company Limited  
 Twenty Albert Embankment Limited  
 Waddon Investments Limited)

#### *Subsidiary companies partly owned:*

M.E.P.C. (PENTYRCH) LIMITED . . . . .	67 %
OXENFORD PROPERTIES LIMITED . . . . .	67 %
PERCY STREET INVESTMENTS LIMITED . . . . .	67 %
THREADNEEDLE PROPERTY COMPANY LIMITED . . . . .	65 %

#### *(Wholly owned subsidiary:*

Tudor Properties (Bramhall) Limited)

#### *Associated companies:*

CURRIE INVESTMENTS LIMITED . . . . .	25 %
M.E.P.C. (GLASGOW) LIMITED . . . . .	50 %
METROLAIN PROPERTIES LIMITED . . . . .	50 %
METROPOLITAN COMMERCIAL PROPERTY INVESTMENTS LIMITED . . . . .	50 %
ST. MARY'S ESTATE LIMITED . . . . .	50 %
TOWN HOLDINGS LIMITED . . . . .	50 %

### OUTSIDE THE UNITED KINGDOM

M.E.P.C. CANADIAN PROPERTIES LTD, TORONTO AND SUBSIDIARIES  
 (M.E.P.C. Ltd. owns 69 % of the Equity Capital, i.e. 2,604,570 common shares of no par value.)

M.E.P.C. (IRELAND) LIMITED, DUBLIN  
 (Wholly owned Subsidiary)

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M · E · P · C

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